

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 XMB-02

OPIC-03 /089 W

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EO 11652: NA

TAGS: ECON, ETRA, EG, EAGR

SUBJ: MINTRADE ANNOUNCES FURTHER LIBERALIZATION OF GOE
IMPORT POLICY

1. SUMMARY: MINTRADE ANNOUNCED JAN 6 FURTHER EASING OF
IMPORT RESTRICTIONS FOR EGYPTIANS WHO OWN HARD CURRENCY
ABROAD. BUILDING MATERIALS, CAPITAL AND INTERMEDIATE GOODS,
AGRICULTURAL MACHINERY AND PROFESSIONAL EQUIPMENT MAY BE
IMPORTED WITHOUT PERMIT IF IMPORTS ARE TO BE USED BY IM-
PORTER FOR BUSINESS OR PRIVATE USE. NEW FACILITIES APPLY
ONLY TO EGYPTIAN NATIONALS. WHILE MOVE COULD STIMULATE
BUSINESS ACTIVITY, ITS EFFECT ON INDUSTRIAL PRODUCTIVITY IS
LESS CERTAIN. END SUMMARY

2. CAIRO DAILY AL AHARAM GIVES BANNER HEADLINE COVERAGE
JAN 6 TO ANNOUNCEMENT BY TRADE MIN TEWFIQ OF LIBERALIZATION
OF IMPORT POLICY FOR EGYPTIANS WHO OWN HARD CURRENCY ABORAD.
ACCORDING TO MIN'S DECISIONS, EGYPTIANS WHO OWN CURRENCY
ABROAD WILL BE ABLE TO IMPORT CERTAIN GOODS FOR USE IN
FACTORIES OR BUSINESSES OR FOR PRIVATE USE WITHOUT NEED
FOR CURRENTLY REQUIRED IMPORT LICENSES. CATEGORIES OF GOODS
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AFFECTED ARE:

A. BUILDING MATERIALS - BUILDING MATERIALS, INCLUDING THOSE
FOR LUXURY HOUSING, MAY BE IMPORTED WITHOUT PERMIT PROVIDED
THEY ARE DESCRIBED ON BUILDING LICENSE GIVEN BY MIN OF
HOUSING.

B. CAPITAL AND INTERMEDIATE GOODS - ALL DESCRIPTIONS OF CAPITAL AND INTERMEDIATE GOODS AND SPARE PARTS FOR PROJECTS TO BE CARRIED OUT IN EGYPT MAY BE IMPORTED WITHOUT LICENSE. SUCH GOODS MAY NOT BE SOLD TO A THIRD PARTY - THEY MUST BE USED BY IMPORTER. IN ADDITION, OWNERS OF BUSINESSES MAY IMPORT MOTOR VEHICLES (NOT INCLUDING PASSENGER CARS) FOR BUSINESS USE. VEHICLES MUST BE NOT OLDER THAN THREE YEARS AND CANNOT BE SOLD FOR A PERIOD OF FIVER YEARS AFTER IMPORTATION.

C. AGRICULTURAL MACHINERY - OWNERS OF AGRICULTURAL LAND MAY IMPORT EQUIPMENT, SPARE PARTS AND TRACTORS (PROVIDED THEY ARE NOT OLDER THAN THREE YEARS) FOR USE IN AGRICULTURAL PRODUCTION. AGRICULTURAL OWNERS MAY ALSO IMPORT VEHICLES UP TO A LIMIT OF TWO VEHICLES, AGAIN PROVIDED THEY ARE NOT OLDER THAN THREE YEARS. SUCH VEHICLES CANNOT BE DISPOSED FOR A PERIOD OF FIVE YEARS AFTER IMPORTATION.

D. PROFESSIONAL EQUIPMENT - EGYPTIANS WORKING ABROAD, INCLUDING ALL DESCRIPTIONS OF PROFESSIONAL PERSONS, MAY IMPORT PROFESSIONAL EQUIPMENT WITHOUT PERMIT PROVIDED THEY PROVE IT WILL BE USED IN PURSUING THEIR PROFESSION IN EGYPT. EGYPTIAN DRIVERS WHO HAVE ACQUIRED MOTOR VEHICLES ABROAD MAY IMPORT ONE VEHICLE PROVIDED IT IS REGISTERED IN THEIR NAME. VEHICLE CANNOT BE DISPOSTED OF FOR A PERIOD OF THREE YEARS AFTER IMPORTATION.

E. PRESENTS, BOOKS, HOUSEHOLD APPLICANCES - ANY CITIZEN MAY IMPORT PRESENTS OR HOUSEHOLD APPLIANCES WITHOUT AN IMPORT LIMITED OFFICIAL USE

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LICENSE PROVIDED THEY ARE FOR PERSONAL USE AND NOT FOR TRADE. GOVT ORGANIZATIONS AND SOCIETIES MAY ACCEPT DONATIONS OF BOOKS OR EQUIPMENT PROVIDED THEY ARE NOT FOR COMMERCIAL USE.

3. IMPORTANTLY, MIN'S DECISIONS APPLY ONLY TO EGYPTIAN CITIZENS BORN OF EGYPTIAN PARENTS. IN THE CASE OF FACTORIES OR BUSINESSES, ALL OWNERS OR PARTNERS MUST BE EGYPTIAN CITIZENS, BORN OF EGYPTIAN PARENTS. ACCORDING MIN OF TRADE, NEW REGULATIONS GO INTO EFFECT IMMEDIATELY.

4. IN RELATED WIDE-RANGING INTERVIEW WHICH RECEIVED BANNER HEADLINES IN CAIRO DAILY AL GUMHIRIYYA, MIN OF INDUSTRY SHAHEEN SUPPORTED TEWFIQ'S DECISIONS. HE SAID INCREASING PRODUCTION AND WAGE COSTS FACED BY EGYPTIAN INDUSTRIAL COMPANIES, COUPLED WITH FIXED PRICES, ARE THREATENING TO RUIN THESE COMPANIES. HIS SOMEWHAT CURIOUS CONCLUSION WAS THAT THOSE WHO PREFER TO BUY ABROAD, AND WHO HAVE HARD CURRENCY, SHOULD BE ENCOURAGED TO DO SO. THIS WOULD DECREASE DEMAND AND THUS ALLOW CONSUMERS WHO DO NOT HAVE HARD

CURRENCY TO BUY MANUFACTURED PRODUCTS. SHAHEEN ALSO SAID THAT PRICES FOR SOME GOODS (CIGARETTES, REFRIGERATORS, CARS AND OTHER HOUSEHOLD APPLIANCES) SHOULD BE ALLOWED TO RISE TO MEET AFOREMENTIONED INCREASES IN PRODUCTION COSTS. HE CAREFULLY NOTED, HOWEVER, THAT PRICE CONTROLS ON BASIC COMMODITIES SHOULD BE RETAINED.

5. COMMENT: MINISTERIAL DECISIONS REPRESENT FURTHER LOOSENING OF IMPORT RESTRICTIONS IN OWN CURRENCY AREA. NEW REGULATIONS WILL AFFECT MOST FAVORABLY EGYPTIANS WHO WORK IN PRIVATE SECTOR AND WHO HAVE HARD CURRENCY RESOURCES ABROAD, AND EGYPTIANS WORKING ABROAD WHOSE FAMILIES RESIDE IN EGYPT. THIS MOVE WILL UNDOUBTEDLY BE HAILED BY ALL AS STEP TOWARDS EASING RESTRICTIONS IN ECONOMY AND, IF PROPERLY APPLIED, COULD EFFECTIVELY HELP TO STIMULATE GENERAL BUSINESS ACTIVITY. LESS CERTAIN IS EFFECT MOVE WILL HAVE ON INDUSTRIAL PRODUCTIVITY, WHICH ULTIMATELY IS PRESUMED TO BE REASON LIMITED OFFICIAL USE

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FOR ITS IMPLEMENTATION.
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Message Attributes

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